

**INTERNAL AUDIT REPORT
2020/2021 - ANNUAL RETURN
SANDHUTTON PARISH COUNCIL**

1. Background

- 1.1. Following the abolition of the Audit Commission a new organisation has been established which is responsible for issuing proper practices in relation to the accounts of smaller authorities. It is called the Smaller Authorities Proper Practices Board (SAPPB), and is made up of members of the SLCC, NALC, CIPFA, the Department of Housing, Communities and Local Government (DHCLG), the Department of Environment, Food and Rural Affairs (DEFRA), the National Audit Office and a representative of the external audit firms appointed to smaller authorities
- 1.2. Every smaller authority in England that either received gross income or incurred gross expenditure exceeding £25,000 must complete Part 3 of the Annual Governance and Accountability Return (AGAR) at the end of each financial year. Where the higher of gross income or gross expenditure was £25,000 or less, a council can certify themselves as exempt from a limited assurance review, and complete part 2 of the AGAR. The AGAR for part 2 is made of 2 sections along with an annual internal audit report, which is to be completed by the Parish Council's independent internal auditor, who is to give an opinion of the Parish Council's internal controls. Sandhutton Parish Council has completed certificate of exemption and part 2 of the AGAR.
- 1.3. CDALC have provided Councils with a checklist to be used, this annual audit uses this list as the minimum of the tests to be carried out.

2. Objectives of the Audit

- 2.1. To examine the system of internal controls to ensure that the Parish Council may obtain an adequate level of assurance for its activities.

3. Scope of the Work and the areas of Audit Work examined.

- 3.1 The Scope of Work covers the key control tests identified in the annual internal audit report part of the AGAR.
- 3.2. To properly complete the audit the following areas of activity have been examined and tested:
- Payroll
 - Creditors (including petty cash)
 - Risk Management/Governance arrangements
 - Income collection and Banking arrangements
 - Accounting records,
 - Assets
 - Debtors
 - Budgetary Control (including year end procedures)
 - Exercise of Public Rights
- 3.3. Any audit findings of this report have been discussed with the Clerk of the Council and any audit recommendations have been agreed with her.

4. Audit Findings

4.1. Payroll

- 4.1.1 The Parish Council has 1 employee who works agreed hours (reviewed 10th December) and is paid in line with NJC payscales, all payroll information is confirmed by the Chair. This was found to be correct.
- 4.1.2. Payroll services is provided externally every 3 months which is a good internal control for the Council, this was checked for the year and was processed properly with the amounts correct.

4.2. Creditors

- 4.2.1. There are no separation of duties at Sandhutton Parish Council as the Parish Clerk is the only Officer responsible for Finance and Administration. Satisfactory compensating checks are carried out by the Members.
- 4.2.2. Bills for payment are prepared by the Responsible Finance Officer (Clerk) and together with the relevant invoices are presented to Members each month to view and check. A record of all Bill Payments (BP), payee and amount are shown in the Council's minutes.
- 4.2.3. I checked all payments amounts and the associated records for the year and all receipts and payments were found to be properly recorded.
- 4.2.4. There were 0 donations/Section 137 payment made within the year.
- 4.2.5. There is no petty cash, any small purchases are made by the Clerk, which are reimbursed as expenses. This was found to be satisfactory.

4.3. Risk Management/Governance arrangements

- 4.3.1. The Council does not have a Risk Management Policy and there are very few policies in place, however, due to the very small precept and few transactions this is accepted by the Council as the risks are considered very low.
- 4.3.2. The Council considers the effectiveness of the internal controls which includes Internal Audit, Risk Management and policies and procedures for the Council at its Annual Meeting (30th June 2020) along with the statements of accounts.
- 4.3.3. There appears to be adequate insurance cover for all assets of the Council.
- 4.3.4. Standing Orders and Financial Regulations have previously been adopted by the Council for the year and are still applicable. They were discussed at the 10th December 2020 meeting and were deferred to the new year.
- 4.3.5. Exercise of Public Rights announcement was made on 4th July 2020 and covered the period 6th July to 7th August 2020.

4.4. Income collection and Banking arrangements

- 4.4.1. Income received is mainly the precept and any bank interest throughout the year and this was confirmed as correctly recorded in the records and the bank statement.
- 4.4.2. There are 2 bank accounts held by the Council, Treasurers account for day to day transactions of the Council and a Money Manager account (deposit account) used to transfer money to the Treasurers account when required.
- 4.4.3. I have agreed the reconciliation of the bank statements at the end of the year to the Income and Expenditure records as at 31st March 2021.
- 4.4.4. There is very little Vat to reclaim each year which the Clerk is aware of and will be reclaimed, later.

4.5. Accounting Records

- 4.5.1. All Income and Expenditure was properly recorded, and the Clerk carries out regular bank reconciliations, which are submitted to Members monthly. It was agreed by Council that a Councillor (excluding chairman) would confirm the bank statement and bank reconciliation report. This had been carried out during the year.

4.6. Security/Assets

4.6.1. I understand that the Council owns three assets. (war memorial, flag pole and lap top)

4.7. Debtors

4.7.1. There are no accounts raised for any debts owed to the Council.

4.8. Budgetary Control

4.8.1. The budget estimates and precept were discussed by a Parish Council Committee meeting on the 10th December 2020, where it was agreed for the coming year.

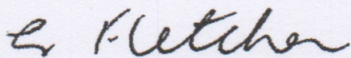
4.8.2. At every Council meeting, Members are provided with financial reports, a bank reconciliation statement and orders and payments since the last committee meeting and checked in line with Financial Regulations.

5. Conclusions

5.1 Of the key controls examined within AGAR there was nothing which was considered to be of concern with the internal controls found to be working satisfactory.

6. Recommendations

6.1. There are no recommendations for this audit.



Gordon Fletcher (C.M.I.I.A.),
Internal Auditor,
Date: 21st April 2021.